

CITY OF WILLIAMSBURG, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

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CITY OF WILLIAMSBURG, IOWA  
OFFICIALS  
June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2020)		
Aaron Sandersfeld	Mayor	January, 2020
Adam Grier	Council Member	January, 2020
Tyler Marshall	Council Member	January, 2020
Jacob Tornholm	Council Member	January, 2022
Rick McMann	Council Member	January, 2022
Anne Zalenski	Council Member	January, 2020
Niki Osweiler	Clerk/Treasurer	Appointed
Eric Tindal	Attorney	Appointed
(After January, 2020)		
Aaron Sandersfeld	Mayor	January, 2022
Adam Grier	Council Member	January, 2024
Tyler Marshall	Council Member	January, 2024
Jacob Tornholm	Council Member	January, 2022
Rick McMann	Council Member	January, 2022
Anne Zalenski	Council Member	January, 2024
Niki Osweiler	Clerk/Treasurer	Appointed
Eric Tindal	Attorney	Appointed

# Gronewold, Bell, Kyhnn & Co. P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and  
Members of the City Council

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the five years ending June 30, 2015 (which are not presented herein), were audited by other auditors whose reports expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 27 through 31, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Honorable Mayor and  
Members of the City Council

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2020 on our consideration of the City of Williamsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Williamsburg's internal control over financial reporting and compliance.

*Winnick, Ben, Kohn & Co. P.C.*

Atlantic, Iowa  
November 16, 2020

CITY OF WILLIAMSBURG, IOWA  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 781,364	\$ 337	\$ 13,963
Public works	526,329	212,740	470,602
Health and social services	7,800	--	--
Culture and recreation	873,565	47,907	91,913
Community and economic development	107,727	--	--
General government	215,118	26,324	--
Debt service	1,344,521	--	--
Capital projects	<u>1,992,015</u>	<u>--</u>	<u>--</u>
Total governmental activities	<u>5,848,439</u>	<u>287,308</u>	<u>576,478</u>
Business type activities:			
Water	560,024	467,900	--
Sewer	411,033	601,648	--
Child Development Center	<u>49,404</u>	<u>44,061</u>	<u>--</u>
Total business type activities	<u>1,020,461</u>	<u>1,113,609</u>	<u>--</u>
Component Unit:			
Library Foundation	<u>21,244</u>	<u>--</u>	<u>15,808</u>
Total	<u>\$ 6,890,144</u>	<u>\$ 1,400,917</u>	<u>\$ 592,286</u>

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Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Aggregate Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	Total	
Capital Grants, Contributions, and Restricted Interest				
\$ --	\$( 767,064)	\$ --	\$( 767,064)	\$ --
--	157,013	--	157,013	--
--	( 7,800)	--	( 7,800)	--
--	( 733,745)	--	( 733,745)	--
--	( 107,727)	--	( 107,727)	--
--	( 188,794)	--	( 188,794)	--
--	( 1,344,521)	--	( 1,344,521)	--
--	( 1,992,015)	--	( 1,992,015)	--
--	( 4,984,653)	--	( 4,984,653)	--
--	--	( 92,124)	( 92,124)	--
--	--	190,615	190,615	--
--	--	( 5,343)	( 5,343)	--
--	--	93,148	93,148	--
--	--	--	--	( 5,436)
<u>\$ --</u>	<u>( 4,984,653)</u>	<u>93,148</u>	<u>( 4,891,505)</u>	<u>( 5,436)</u>



CITY OF WILLIAMSBURG, IOWA  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2020

		Program Receipts	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
General Receipts and Transfers:			
Property tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Commercial/industrial tax replacement			
Unrestricted interest on investments			
Debt proceeds			
Bonds issued for refunding debt			
Premium on bonds			
Payment for refunding debt			
Sale of capital assets			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			
Cash Basis Net Position			
Restricted:			
Expendable:			
Streets			
Urban renewal purposes			
Debt service			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Aggregate Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	Total	
Capital Grants, Contributions, and Restricted Interest				
	\$ 1,171,318	\$ --	\$ 1,171,318	\$ --
	363,902	--	363,902	--
	998,901	--	998,901	--
	466,372	--	466,372	--
	58,576	--	58,576	--
	66,070	18,501	84,571	--
	10,300,098	--	10,300,098	--
	2,820,000	--	2,820,000	--
	433,562	--	433,562	--
	( 2,855,000)	--	( 2,855,000)	--
	151,000	--	151,000	--
	37,172	38,258	75,430	--
	118,277	( 118,277)	--	--
	<u>14,130,248</u>	<u>( 61,518)</u>	<u>14,068,730</u>	<u>--</u>
	9,145,595	31,630	9,177,225	( 5,436)
	<u>5,296,105</u>	<u>1,394,153</u>	<u>6,690,258</u>	<u>118,740</u>
	<u>\$ 14,441,700</u>	<u>\$ 1,425,783</u>	<u>\$ 15,867,483</u>	<u>\$ 113,304</u>
	\$ 515,743	\$ --	\$ 515,743	\$ --
	738,742	--	738,742	--
	95,692	282,587	378,279	--
	10,058,205	--	10,058,205	--
	<u>3,033,318</u>	<u>1,143,196</u>	<u>4,176,514</u>	<u>113,304</u>
	<u>\$ 14,441,700</u>	<u>\$ 1,425,783</u>	<u>\$ 15,867,483</u>	<u>\$ 113,304</u>

CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service</u>
Receipts:		
Property tax	\$ 1,010,525	\$ 363,902
Tax increment financing	--	--
Other city tax	135,338	--
Licenses and permits	14,522	--
Use of money and property	85,197	1,266
Intergovernmental	104,351	--
Charges for service	248,174	--
Miscellaneous	101,908	--
Total receipts	<u>1,700,015</u>	<u>365,168</u>
Disbursements:		
Operating:		
Public safety	781,364	--
Public works	243,690	--
Health and social services	7,800	--
Culture and recreation	873,565	--
Community and economic development	107,727	--
General government	215,118	--
Debt service	1,000	1,343,521
Capital projects	--	--
Total disbursements	<u>2,230,264</u>	<u>1,343,521</u>
Excess (deficiency) of receipts over (under) disbursements	( 530,249)	( 978,353)
Other financing sources (uses):		
Sale of capital assets	--	--
Bond proceeds	--	--
Bonds issued for refunding debt	--	2,820,000
Premium on bonds	--	135,202
Payment for refunding debt	--	( 2,855,000)
Transfers in	350,000	973,726
Transfers out	--	--
Total other financing sources (uses)	<u>350,000</u>	<u>1,073,928</u>
Change in cash balances	( 180,249)	95,575

(continued next page)

<u>Capital Projects</u>	<u>Non-Major</u>	<u>Total</u>
\$ 84,031	\$ --	\$ 1,458,458
--	998,901	998,901
--	466,372	601,710
--	--	14,522
7,812	8,196	102,471
--	394,356	498,707
--	--	248,174
--	1,246	103,154
<u>91,843</u>	<u>1,869,071</u>	<u>4,026,097</u>
--	--	781,364
--	282,639	526,329
--	--	7,800
--	--	873,565
--	--	107,727
--	--	215,118
--	--	1,344,521
<u>1,992,015</u>	<u>--</u>	<u>1,992,015</u>
<u>1,992,015</u>	<u>282,639</u>	<u>5,848,439</u>
( 1,900,172)	1,586,432	( 1,822,342)
--	151,000	151,000
10,300,098	--	10,300,098
--	--	2,820,000
298,360	--	433,562
--	--	( 2,855,000)
--	--	1,323,726
<u>( 123,716)</u>	<u>( 1,081,733)</u>	<u>( 1,205,449)</u>
<u>10,474,742</u>	<u>( 930,733)</u>	<u>10,967,937</u>
8,574,570	655,699	9,145,595

CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES - Continued  
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service</u>
Change in cash balances	\$( 180,249)	\$ 95,575
Cash balances beginning of year	<u>3,213,567</u>	<u>117</u>
Cash balances end of year	<u>\$ 3,033,318</u>	<u>\$ 95,692</u>
 Cash Basis Fund Balances		
Restricted for:		
Streets	\$ --	\$ --
Urban renewal purposes	--	--
Debt service	--	95,692
Capital projects	--	--
Other purposes	--	--
Assigned for:		
Library	97,262	--
Recreation	1,403,364	--
Other purposes	1,518,996	--
Unassigned	<u>13,696</u>	<u>--</u>
 Total cash basis fund balances	 <u>\$ 3,033,318</u>	 <u>\$ 95,692</u>

The accompanying notes are an integral part of these statements.

<u>Capital Projects</u>	<u>Non-Major</u>	<u>Total</u>
\$ 8,574,570	\$ 655,699	\$ 9,145,595
<u>851,382</u>	<u>1,231,039</u>	<u>5,296,105</u>
<u>\$ 9,425,952</u>	<u>\$ 1,886,738</u>	<u>\$ 14,441,700</u>

\$ --	\$ 515,743	\$ 515,743
--	738,742	738,742
--	--	95,692
9,425,952	--	9,425,952
--	632,253	632,253
--	--	97,262
--	--	1,403,364
--	--	1,518,996
<u>--</u>	<u>--</u>	<u>13,696</u>
<u>\$ 9,425,952</u>	<u>\$ 1,886,738</u>	<u>\$ 14,441,700</u>

CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS

As of and for the year ended June 30, 2020

	Enterprise Funds			
	Water	Sewer	Child Care Facility Non-Major	Total
Operating receipts:				
Charges for service	\$ 467,900	\$ 601,648	\$ --	\$ 1,069,548
Miscellaneous	--	--	44,061	44,061
Total operating receipts	467,900	601,648	44,061	1,113,609
Operating disbursements:				
Business type activities	560,024	344,353	--	904,377
Total operating disbursements	560,024	344,353	--	904,377
Excess (deficiency) of operating receipts over (under) operating disbursements	( 92,124)	257,295	44,061	209,232
Non-operating receipts (disbursements):				
Interest on investments	4,732	13,378	391	18,501
Miscellaneous	32,999	5,259	--	38,258
Debt service	--	( 66,680)	( 49,404)	( 116,084)
Net non-operating receipts (disbursements)	37,731	( 48,043)	( 49,013)	( 59,325)
Excess of receipts over disbursements	( 54,393)	209,252	( 4,952)	149,907
Other financing sources (uses):				
Transfers in	123,716	--	--	123,716
Transfers out	( 59,878)	( 182,115)	--	( 241,993)
Total other financing sources (uses)	63,838	( 182,115)	--	( 118,277)
Change in cash balances	9,445	27,137	( 4,952)	31,630
Cash balances beginning of year	356,341	987,783	50,029	1,394,153
Cash balances end of year	\$ 365,786	\$ 1,014,920	\$ 45,077	\$ 1,425,783
Cash Basis Fund Balances				
Restricted for debt service	\$ --	\$ 237,510	\$ 45,077	\$ 282,587
Unrestricted	365,786	777,410	--	1,143,196
Total cash basis fund balances	\$ 365,786	\$ 1,014,920	\$ 45,077	\$ 1,425,783

The accompanying notes are an integral part of these statements.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Williamsburg, Iowa is a political subdivision of the State of Iowa located in Iowa County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Williamsburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Williamsburg (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Williamsburg Library Foundation, Inc. is presented in a separate column to emphasize that it is a separate entity, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Williamsburg Library Foundation, Inc. is a non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. Most revenues are generated from private donations given by individuals and businesses in the area.

Williamsburg Fire Fighters Association, which is a 501(c)3 organization and incorporated under Chapter 504A of the Code of Iowa, is a component unit because it has the potential to provide benefits to the City of Williamsburg Fire Department. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. Condensed financial statements for the year ended December 31, 2019 presented in Note 16 were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Unaudited financial statements may be obtained from 102 Fire Ridge Road, Williamsburg, Iowa 52361.



CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Joint E911 Service Board, Parks and Regional Environmental Improvement Commission.

Related Organization

The Friends of the Williamsburg Library is an organization separate from the City. The Friends has been created for the sole purpose of raising funds to support the Williamsburg Library but is not financially accountable to the City.

B. Basis of Presentation

Government-wide Financial Statements

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City.

*Expendable restricted net position* results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds and enterprise fund are aggregated and reported as nonmajor governmental funds and nonmajor enterprise fund, respectively.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provision or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the culture and recreation, and community and economic development functions.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation					
Bonds	\$ 5,715,000	\$ 12,220,000	\$ 3,915,000	\$ 14,020,000	\$ 1,030,000
Governmental Activities					
Total	\$ 5,715,000	\$ 12,220,000	\$ 3,915,000	\$ 14,020,000	\$ 1,030,000
Business Type Activities:					
Sewer Revenue Bonds	\$ 384,000	\$ --	\$ 59,000	\$ 325,000	\$ 61,000
Sewer Revenue Notes	--	900,098	--	900,098	--
Child Care Facility					
Notes	866,049	--	15,018	851,031	15,631
Business Type Activities					
Total	\$ 1,250,049	\$ 900,098	\$ 74,018	\$ 2,076,129	\$ 76,631

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Annual debt service requirements to maturity for general obligation bonds and revenue bonds and notes are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,030,000	\$ 488,131	\$ 76,631	\$ 39,461	\$ 1,106,631	\$ 527,592
2022	1,095,000	422,188	79,269	37,755	1,174,269	459,943
2023	1,105,000	388,637	982,031	35,989	2,087,031	424,626
2024	940,000	355,037	84,536	34,248	1,024,536	389,285
2025	925,000	323,912	87,339	32,273	1,012,339	356,185
2026-2030	4,270,000	1,165,285	103,467	143,553	4,373,467	1,308,838
2031-2035	4,490,000	459,826	124,494	120,716	4,614,494	580,542
2036-2040	165,000	5,775	143,655	94,125	308,655	99,900
2041-2045	--	--	175,539	62,241	175,539	62,241
2046-2050	--	--	219,168	23,360	219,168	23,360
	<u>\$14,020,000</u>	<u>\$ 3,608,791</u>	<u>\$ 2,076,129</u>	<u>\$ 623,721</u>	<u>\$16,096,129</u>	<u>\$ 4,232,512</u>

General Obligation Bonds

On December 21, 2016, the City issued \$2,365,000 of general obligation bonds with interest rates ranging from 2.50% to 3.50% per annum. The bonds were issued for street, water system, sanitary sewer system, storm water drainage and sidewalk improvements. During the year ended June 30, 2020, the City paid \$100,000 of principal and \$67,606 of interest on the bonds. The bonds mature in fiscal year 2036.

On August 27, 2019, the City issued \$2,500,000 of general obligation bonds with an interest rate of 3.00% per annum. The bonds were issued for bridge, street, water system, sanitary sewer system, storm water drainage and sidewalk improvements and installation of street signage, lighting and signalization improvements. During the year ended June 30, 2020, the City paid \$ - 0 - of principal and \$57,083 of interest on the bonds. The bonds mature in fiscal year 2025.

On October 9, 2019, the City issued \$2,820,000 of general obligation bonds with an interest rate of 3.00%. The bonds were issued for refunding prior general obligation bonds. During the year ended June 30, 2020, the City paid \$305,000 of principal and \$54,520 of interest on the bonds. The bonds mature in fiscal year 2034.

On April 8, 2020, the City issued \$6,900,000 of general obligation bonds with interest rates ranging from 3.00% to 4.00% per annum. The bonds were issued for the Water Treatment Plant Project and the municipal waterworks utility improvements. During the year ended June 30, 2020, the city paid \$ - 0 - of principal and \$ - 0 - of interest on the bonds. The bonds mature in fiscal year 2035.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Sewer Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,050,000 of sewer revenue bonds issued in June 2005. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment system. The bonds carry an interest rate of 1.75% and are payable solely from sewer customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 26% of the net receipts. The total principal and interest remaining to be paid on the bonds is \$342,414. For the current year, principal and interest paid and total customer net receipts were \$65,720 and \$257,295, respectively.

Sewer Revenue Notes

On January 10, 2020, the City entered into a loan agreement with the Iowa Finance Authority (IFA) for the issuance of sewer revenue notes of up to \$1,134,700 with interest at 0.00% per annum. The notes were issued pursuant to the provisions of Chapters 384.24A and 76.13 of the Code of Iowa to pay the costs of constructing improvements and extensions to the sewer plant. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. At June 30, 2020, \$900,098 of proceeds were constructively received and used to pay the construction costs. A final repayment schedule has not yet been adopted.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue note. The note is payable solely from sewer customer net receipts. The total amount of principal and interest remaining to be paid on the note at June 30, 2020 is not available since a final repayment schedule has not been adopted.

Child Care Facility Enterprise Notes

The City has pledged future child care facility receipts, net of operating disbursements, to repay \$964,000 of child care facility enterprise revenue notes 1 and 2 issued in July 2010. Proceeds from the notes provided financing for the acquisition of land and construction, furnishing and equipping of a child care center. The notes carry an interest rate of 4.00% and are payable solely from child care net receipts and are payable through 2050. Annual principal and interest payments on the notes are expected to require approximately 100% of the net receipts. The total principal and interest remaining to be paid on the notes is \$1,457,338. For the current year, principal and interest paid and total net receipts were \$49,404 and \$44,061, respectively.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

The resolutions providing for the issuance of the revenue bonds and notes include the following provisions.

- a. The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to the separate sewer and child care facility revenue bond sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. There shall be a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments in to the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Funds whenever necessary to prevent or remedy a default in the payment of the principal or interest on the Bonds and Parity Obligations.
- d. For the child care facility, there shall be a reserve fund established for 10 percent of each payment up to a maximum of the largest payment.
- e. As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation on the utility, may from time to time direct.
- f. The providers of the child care facility have established a depreciation fund to be used for repairs and maintenance over the life of the loan.

NOTE 4 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 4 - PENSION PLAN - Continued

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$90,793.



CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 4 - PENSION PLAN - Continued

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$452,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.007807%, which was a decrease of 0.000392% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City pension expense, deferred outflows of resources and deferred inflows of resources totaled \$138,262, \$125,008 and \$156,729, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 4 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,089,855	\$ 452,069	\$( 82,540)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical, prescription drug, dental, and vision benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$340,324 and plan members eligible for benefits contributed \$4,266 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug, dental, and vision benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>16</u>
Total	<u><u>16</u></u>

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, comp time and holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory and holiday termination payments payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 72,200
Compensatory	24,700
Holiday	<u>19,300</u>
Total	<u><u>\$ 116,200</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

NOTE 7 - BOYD MONIES

Walter C. Boyd left the balance of his estate to the City of Williamsburg, Iowa, to be used as the City sees fit. The City Council set up a separate account in the General Fund to track this money and show the citizens where the money is being spent.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 350,000
Debt Service	Special Revenue: Tax Incremental Financing	731,733
	Enterprise: Water	59,878
	Sewer	182,115
		<u>973,726</u>
Enterprise: Water	Capital Projects	123,716
		<u>123,716</u>
		<u>\$ 1,447,442</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 9 - RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$240 during the year ended June 30, 2020.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 - LEASES

The City leases the Recreation Center to an outside organization under an operating lease requiring monthly payments of \$2,000. The lease is for July 1, 2019 to June 30, 2020. Total lease payments received for the year ended June 30, 2020 are \$24,000.

NOTE 12 - REGIONAL ENVIRONMENTAL IMPROVEMENT COMMISSION

The City, in conjunction with all other municipalities in Iowa County, has created the Regional Environmental Improvement Commission. The Commission was established for the primary purpose of providing for the collection and disposal of solid waste produced or generated by each participant. Upon dissolution of the corporation, the net assets of the Commission will be prorated among the municipalities. The Commission is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction.

During the year ended June 30, 2020, the City of Williamsburg paid Republic Services \$186,406. The sanitation company is then responsible for paying all landfill fees for the City's share of the cost. Completed financial statements for the Commission can be obtained from the Regional Environmental Improvement Commission.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 13 - MANAGEMENT AND USE AGREEMENT

Due to the importance of affordable childcare the City constructed a daycare facility and signed a management agreement with Williamsburg Community Childcare Center and K.I.N.D. Care to operate and maintain the child care facility. A lease purchase has been signed based on the total cost of the building.

The remaining lease purchase payments to be received are as follows:

Year Ending June 30,	Lease Purchase Receivable	
	Principal	Interest
2021	\$ 15,631	\$ 33,773
2022	16,269	33,135
2023	16,933	32,471
2024	17,536	31,868
2025	18,339	31,065
2026-2030	103,467	143,553
2031-2035	124,494	120,716
2036-2040	143,655	94,125
2041-2045	175,539	62,241
2046-2050	219,168	23,360
Total	<u>\$ 851,031</u>	<u>\$ 606,307</u>

The City maintains the right to repurchase the land if the childcare providers decide to sell the childcare facility.

NOTE 14 - CONDUIT DEBT OBLIGATIONS

On November 13, 2006, Nursing and Independent Living Facilities Revenue Bonds (Williamsburg Retirement Community, Inc. Project) in the amount not to exceed \$7,000,000 were issued to finance the costs of constructing and furnishing a 44 bed skilled nursing facility and 8 independent living units.

On June 10, 2014, Williamsburg Retirement Community Project Refunding Revenue Bonds in the amount of \$8,400,000 were issued. These revenue bonds were issued for the purpose of refunding the previous issuance of Revenue Bonds (Series 2005 Bonds) which was issued to refund two previous issuances of Revenue Bonds (Series 2002 Bonds and Series 2003 Bonds) which financed the cost of construction of the Williamsburg Retirement Community, Inc. Project.

These bonds are a special limited obligation of the City and shall not be payable from or charged upon any funds other than Loan Repayments made by the Williamsburg Retirement Community, Inc. The bonds do not constitute a debt of the City within any constitutional or statutory limitation.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 15 - THE WILLIAMSBURG FIREFIGHTERS ASSOCIATION

The Williamsburg Firefighters Association provides benefits to the City of Williamsburg Fire Department. The Association reports its financial activity using a calendar year end. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the unaudited condensed financial information for the Williamsburg Firefighters Association for the year ended December 31, 2019.

	<u>Williamsburg Firefighters Association</u>
Receipts:	
Miscellaneous	\$ 86,400
Total receipts	<u>86,400</u>
Disbursements:	
Public safety	<u>75,146</u>
Total disbursements	<u>75,146</u>
Excess of receipts over disbursements	11,254
Cash balance beginning of year	<u>8,849</u>
Cash balance end of year	<u>\$ 20,103</u>

NOTE 16 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, \$ - 0 - of property tax was diverted from the City under the urban renewal and economic development agreements.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 17 - DEFEASANCE OF DEBT

On October 9, 2019, the City issued \$2,820,000 of general obligation refunding bonds with an interest rate of 3.00% to current refund \$2,855,000 of general obligation bonds dated July 1, 2011, June 11, 2012 and June 10, 2014 with an average interest rate of 1.80% - 4.00%. The net proceeds of \$2,929,822 (after payment of \$25,380 in underwriting fees, premium of \$135,202, and other issuance costs) were used to refund the debt. The refunding was undertaken to reduce total debt service payments over the next 14 years by \$192,879 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$159,499.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Construction Contracts

The City has entered into construction contracts totaling approximately \$10,511,000 that are still in process as of June 30, 2020. The net remaining amount committed to these contracts is approximately \$8,621,000, which will be paid with existing capital project funds.

Federal Agreement

In July 2020, the City entered into a Federal-aid Swap Funding agreement with Iowa Department of Transportation totaling \$1,000,000 for a highway bridge program.

Subsequent Events

The City has evaluated all subsequent events through November 16, 2020, the date the financial statements were available to be issued.

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## OTHER INFORMATION

CITY OF WILLIAMSBURG, IOWA  
BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL  
FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION

Year ended June 30, 2020

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 1,458,458	\$ --	\$ 1,458,458
Tax increment financing collections	998,901	--	998,901
Other city tax	601,710	--	601,710
Licenses and permits	14,522	--	14,522
Use of money and property	102,471	18,501	120,972
Intergovernmental	498,707	--	498,707
Charges for service	248,174	1,069,548	1,317,722
Miscellaneous	<u>103,154</u>	<u>82,319</u>	<u>185,473</u>
Total receipts	<u>4,026,097</u>	<u>1,170,368</u>	<u>5,196,465</u>
Disbursements:			
Public safety	781,364	--	781,364
Public works	526,329	--	526,329
Health and social services	7,800	--	7,800
Culture and recreation	873,565	--	873,565
Community and economic development	107,727	--	107,727
General government	215,118	--	215,118
Debt service	1,344,521	--	1,344,521
Capital projects	1,992,015	--	1,992,015
Business type activities	--	1,020,461	1,020,461
Total disbursements	<u>5,848,439</u>	<u>1,020,461</u>	<u>6,868,900</u>
Excess (deficiency) of receipts over (under) disbursements	( 1,822,342)	149,907	( 1,672,435)
Other financing sources (uses), net	<u>10,967,937</u>	<u>( 118,277)</u>	<u>10,849,660</u>
Excess of receipts and other financing sources over disbursements and other financing uses	9,145,595	31,630	9,177,225
Balances beginning of year	<u>5,296,105</u>	<u>1,394,153</u>	<u>6,690,258</u>
Balances end of year	<u>\$ 14,441,700</u>	<u>\$ 1,425,783</u>	<u>\$ 15,867,483</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 1,385,037	\$ 1,385,037	\$ 73,421
1,013,150	1,013,150	( 14,249)
522,469	602,469	( 759)
10,950	11,450	3,072
146,310	126,836	( 5,864)
514,644	517,394	( 18,687)
1,605,279	1,436,662	( 118,940)
134,410	286,593	( 101,120)
<u>5,332,249</u>	<u>5,379,591</u>	<u>( 183,126)</u>
838,823	845,587	64,223
640,582	791,750	265,421
7,800	7,800	--
1,036,161	834,902	( 38,663)
48,600	52,600	( 55,127)
233,770	235,235	20,117
1,205,474	4,173,461	2,828,940
3,654,700	4,973,550	2,981,535
1,120,208	1,418,408	397,947
<u>8,786,118</u>	<u>13,333,293</u>	<u>6,464,393</u>
( 3,453,869)	( 7,953,702)	6,281,267
<u>3,651,700</u>	<u>13,622,333</u>	<u>( 2,772,673)</u>
197,831	5,668,631	3,508,594
<u>6,748,868</u>	<u>6,748,868</u>	<u>( 58,610)</u>
<u>\$ 6,946,699</u>	<u>\$ 12,417,499</u>	<u>\$ 3,449,984</u>

CITY OF WILLIAMSBURG, IOWA  
NOTES TO OTHER INFORMATION - BUDGETARY REPORTING

June 30, 2020

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased disbursements by \$4,547,175. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the culture and recreation, and community and economic development functions.

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST SIX YEARS\*  
(In Thousands)

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.007807%	0.008199%
City's proportionate share of the net pension liability	\$ 452	\$ 519
City's covered payroll	\$ 1,065	\$ 1,035
City's proportionate share of the net pension liability as a percentage of its covered payroll	42.44%	50.14%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year,

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.008711%	0.008842	% 0.007216%	0.006473%
\$ 580	\$ 556	\$ 357	\$ 257
\$ 985	\$ 956	\$ 1,045	\$ 1,015
58.88%	58.16%	34.16%	25.32%
82.21%	81.82%	85.19%	87.61%

CITY OF WILLIAMSBURG, IOWA

SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TEN YEARS  
(In Thousands)

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 91	\$ 104	\$ 96	\$ 91
Contributions in relation to the statutorily required contribution	<u>( 91)</u>	<u>( 104)</u>	<u>( 96)</u>	<u>( 91)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 941	\$ 1,065	\$ 1,035	\$ 985
Contributions as a percentage of covered payroll	9.67%	9.77%	9.28%	9.24%

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 88	\$ 87	\$ 83	\$ 80	\$ 73	\$ 67
( 88)	( 87)	( 83)	( 80)	( 73)	( 67)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 956	\$ 1,045	\$ 1,015	\$ 989	\$ 960	\$ 935
9.21%	8.33%	8.18%	8.09%	7.60%	7.17%



CITY OF WILLIAMSBURG, IOWA  
NOTES TO OTHER INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

\* \* \*

See accompanying independent auditor's report.

## SUPPLEMENTARY INFORMATION

CITY OF WILLIAMSBURG, IOWA  
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	Special Revenue			
	Road Use	Local Option	Tax	
	Tax	Sales Tax	Increment	Total
			Financing	
Receipts:				
Tax increment financing	\$ --	\$ --	\$ 998,901	\$ 998,901
Other City tax	--	466,372	--	466,372
Use of money and property	--	3,950	4,246	8,196
Intergovernmental	394,356	--	--	394,356
Miscellaneous	<u>1,246</u>	<u>--</u>	<u>--</u>	<u>1,246</u>
Total receipts	395,602	470,322	1,003,147	1,869,071
Disbursements:				
Operating:				
Public works	<u>282,639</u>	<u>--</u>	<u>--</u>	<u>282,639</u>
Total disbursements	<u>282,639</u>	<u>--</u>	<u>--</u>	<u>282,639</u>
Excess of receipts over disbursements	112,963	470,322	1,003,147	1,586,432
Other financing uses:				
Sale of capital assets	151,000	--	--	151,000
Transfers out	<u>--</u>	<u>( 350,000)</u>	<u>( 731,733)</u>	<u>( 1,081,733)</u>
Total other financing sources	<u>151,000</u>	<u>( 350,000)</u>	<u>( 731,733)</u>	<u>( 930,733)</u>
(uses)				
Change in cash balances	263,963	120,322	271,414	655,699
Cash balances beginning of year	<u>251,780</u>	<u>511,931</u>	<u>467,328</u>	<u>1,231,039</u>
Cash balances end of year	<u>\$ 515,743</u>	<u>\$ 632,253</u>	<u>\$ 738,742</u>	<u>\$ 1,886,738</u>
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ 515,743	\$ --	\$ --	\$ 515,743
Urban renewal purpose	--	--	738,742	738,742
Other purposes	<u>--</u>	<u>632,253</u>	<u>--</u>	<u>632,253</u>
Total cash basis fund balances	<u>\$ 515,743</u>	<u>\$ 632,253</u>	<u>\$ 738,742</u>	<u>\$ 1,886,738</u>

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF INDEBTEDNESS  
Year ended June 30, 2020

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Refunding bonds, Series 2011	July 1, 2011	2.00% - 3.50%	\$ 3,245,000
Corporate purpose, Series 2012	June 11, 2012	0.45% - 3.45%	1,500,000
Corporate purpose, Series 2014	June 10, 2014	2.00% - 4.00%	1,600,000
Refunding bonds, Series 2016	April 14, 2016	3.00%	1,270,000
Corporate purpose, Series 2016B	December 21, 2016	2.50% - 3.50%	2,365,000
Corporate purpose, Series 2019	August 27, 2019	3.00%	2,500,000
Refunding Bonds, Series 2019B	October 9, 2019	3.00%	2,820,000
Annual Appropriation Water Improvement Bonds, Series 2020	April 8, 2020	3.00% - 4.00%	6,900,000
Total General Obligation Bonds			
Revenue Bonds and Notes:			
Sewer revenue bonds	June 30, 2005	1.75%	1,050,000
USDA Child care facility enterprise revenue note 1	July 1, 2010	4.00%	928,000
USDA Child care facility enterprise revenue note 2	July 1, 2010	4.00%	36,000
Sewer Revenue Planning and Design Loan Project Note	January 10, 2020	0.00%	1,134,700
Total Revenue Bonds and Notes			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 1,165,000	\$ --	\$ 1,165,000	\$ --	\$ 18,499
720,000	--	720,000	--	7,706
970,000	--	970,000	--	12,338
655,000	--	655,000	--	19,650
2,205,000	--	100,000	2,105,000	67,606
--	2,500,000	--	2,500,000	57,083
--	2,820,000	305,000	2,515,000	54,520
<u>--</u>	<u>6,900,000</u>	<u>--</u>	<u>6,900,000</u>	<u>--</u>
<u>\$ 5,715,000</u>	<u>\$ 12,220,000</u>	<u>\$ 3,915,000</u>	<u>\$ 14,020,000</u>	<u>\$ 237,402</u>
\$ 384,000	\$ --	\$ 59,000	\$ 325,000	\$ 6,720
845,178	--	14,007	831,171	33,549
20,871	--	1,011	19,860	837
<u>--</u>	<u>900,098</u>	<u>--</u>	<u>900,098</u>	<u>--</u>
<u>\$ 1,250,049</u>	<u>\$ 900,098</u>	<u>\$ 74,018</u>	<u>\$ 2,076,129</u>	<u>\$ 41,106</u>

CITY OF WILLIAMSBURG, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2020

Year ending June 30,	General Obligation Bonds			
	Corporate Purpose, Series 2016B		Corporate Purpose, Series 2019	
	Issued December 21, 2016		Issued August 27, 2019	
	Interest Rate	Amount	Interest Rate	Amount
2021	3.00%	\$ 105,000	3.00%	\$ 650,000
2022	2.50%	110,000	3.00%	575,000
2023	2.50%	110,000	3.00%	600,000
2024	2.50%	115,000	3.00%	175,000
2025	2.75%	115,000	3.00%	500,000
2026	2.75%	120,000		--
2027	2.75%	125,000		--
2028	3.00%	125,000		--
2029	3.00%	130,000		--
2030	3.00%	135,000		--
2031	3.38%	140,000		--
2032	3.38%	145,000		--
2033	3.38%	150,000		--
2034	3.50%	155,000		--
2035	3.50%	160,000		--
2036	3.50%	165,000		--
		<u>\$2,105,000</u>		<u>\$2,500,000</u>

(continued next page)

General Obligation Bonds				
Refunding Bonds, Series 2019B		Water Improvement Bonds, Series 2020		
Issued October 9, 2019		Issued April 8, 2020		
Interest Rate	Amount	Interest Rate	Amount	Total
3.00%	\$ 275,000	4.00%	\$ --	\$ 1,030,000
3.00%	285,000	4.00%	125,000	1,095,000
3.00%	295,000	4.00%	100,000	1,105,000
3.00%	300,000	4.00%	350,000	940,000
3.00%	310,000	4.00%	--	925,000
3.00%	310,000	4.00%	550,000	980,000
3.00%	115,000	4.00%	575,000	815,000
3.00%	115,000	4.00%	550,000	790,000
3.00%	120,000	4.00%	575,000	825,000
3.00%	100,000	3.00%	625,000	860,000
3.00%	100,000	3.00%	625,000	865,000
3.00%	100,000	3.00%	650,000	895,000
3.00%	50,000	3.00%	700,000	900,000
3.00%	40,000	3.13%	725,000	920,000
--	--	3.25%	750,000	910,000
--	--	--	--	165,000
<u>\$2,515,000</u>		<u>\$6,900,000</u>		<u>\$ 14,020,000</u>

CITY OF WILLIAMSBURG, IOWA  
BOND AND NOTE MATURITIES - Continued  
June 30, 2020

Year ending June 30,	Revenue Bonds and Notes			
	Sewer Revenue Bonds		USDA Child Care Facility Ent. Rev. Note 1	
	Issued June 30, 2005		Issued July 1, 2010	
	Interest Rate	Amount	Interest Rate	Amount
2021	1.75%	\$ 61,000	4.00%	\$ 14,551
2022	1.75%	63,000	4.00%	15,145
2023	1.75%	65,000	4.00%	15,763
2024	1.75%	67,000	4.00%	16,320
2025	1.75%	69,000	4.00%	17,072
2026	--	--	4.00%	17,769
2027	--	--	4.00%	18,494
2028	--	--	4.00%	19,171
2029	--	--	4.00%	20,031
2030	--	--	4.00%	20,849
2031	--	--	4.00%	21,700
2032	--	--	4.00%	22,516
2033	--	--	4.00%	23,504
2034	--	--	4.00%	24,463
2035	--	--	4.00%	25,461
2036	--	--	4.00%	26,443
2037	--	--	4.00%	27,580
2038	--	--	4.00%	28,705
2039	--	--	4.00%	29,876
2040	--	--	4.00%	31,051
2041	--	--	4.00%	32,363
2042	--	--	4.00%	33,683
2043	--	--	4.00%	35,058
2044	--	--	4.00%	36,459
2045	--	--	4.00%	37,976
2046	--	--	4.00%	39,526
2047	--	--	4.00%	41,139
2048	--	--	4.00%	42,806
2049	--	--	4.00%	44,565
2050	--	--	4.00%	51,132
		<u>\$ 325,000</u>		<u>\$ 831,171</u>

See accompanying independent auditor's report.



Revenue Bonds and Notes				
USDA Child Care Facility Ent. Rev. Note 2		Sewer Revenue Planning Note		
Issued July 1, 2010		Issued January 10, 2020		
Interest Rate	Amount	Interest Rate	Amount	Total
4.00%	\$ 1,080		\$ --	\$ 76,631
4.00%	1,124		--	79,269
4.00%	1,170		--	81,933
4.00%	1,216	0%	900,098	984,634
4.00%	1,267		--	87,339
4.00%	1,319		--	19,088
4.00%	1,373		--	19,867
4.00%	1,427		--	20,598
4.00%	1,487		--	21,518
4.00%	1,547		--	22,396
4.00%	1,611		--	23,311
4.00%	1,676		--	24,192
4.00%	1,745		--	25,249
4.00%	1,818		--	26,281
	--		--	25,461
	--		--	26,443
	--		--	27,580
	--		--	28,705
	--		--	29,876
	--		--	31,051
	--		--	32,363
	--		--	33,683
	--		--	35,058
	--		--	36,459
	--		--	37,976
	--		--	39,526
	--		--	41,139
	--		--	42,806
	--		--	44,565
	--		--	51,132
	<u>\$ 19,860</u>		<u>\$ 900,098</u>	<u>\$ 2,076,129</u>

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF RECEIPTS BY SOURCE AND  
DISBURSEMENTS BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts:				
Property tax	\$ 1,458,458	\$ 1,504,033	\$ 1,470,197	\$ 1,305,767
Tax increment financing	998,901	716,819	697,024	883,858
Other city tax	601,710	523,808	511,372	581,722
Licenses and permits	14,522	10,998	9,950	12,870
Use of money and property	102,471	156,442	117,002	97,144
Intergovernmental	498,707	747,367	419,721	404,812
Charges for service	248,174	445,619	408,535	233,911
Miscellaneous	<u>103,154</u>	<u>62,418</u>	<u>299,472</u>	<u>84,896</u>
Total	<u>\$ 4,026,097</u>	<u>\$ 4,167,504</u>	<u>\$ 3,933,273</u>	<u>\$ 3,604,980</u>
Disbursements:				
Operating:				
Public safety	\$ 781,364	\$ 1,453,104	\$ 811,261	\$ 732,320
Public works	526,329	605,834	573,735	508,897
Health and social services	7,800	7,800	7,800	7,800
Culture and recreation	873,565	940,129	975,093	1,044,983
Community and economic development	107,727	32,411	28,130	29,416
General government	215,118	222,139	228,226	221,616
Debt service	1,344,521	890,596	885,102	887,579
Capital projects	<u>1,992,015</u>	<u>299,339</u>	<u>1,939,319</u>	<u>930,115</u>
Total	<u>\$ 5,848,439</u>	<u>\$ 4,451,352</u>	<u>\$ 5,448,666</u>	<u>\$ 4,362,726</u>

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,237,528	\$ 1,105,091	\$ 624,902	\$ 983,286	\$ 840,334	\$ 840,637
989,206	1,060,558	1,672,383	1,900,312	1,922,728	1,922,005
474,891	493,702	468,440	619,740	608,616	460,232
12,264	8,285	16,506	9,928	13,679	11,097
89,637	92,517	94,716	103,240	105,801	132,757
404,414	345,624	336,094	321,195	471,044	736,767
235,844	199,327	218,627	239,249	212,070	208,184
<u>71,403</u>	<u>86,654</u>	<u>75,628</u>	<u>290,206</u>	<u>128,272</u>	<u>391,294</u>
<u>\$ 3,515,187</u>	<u>\$ 3,391,758</u>	<u>\$ 3,507,296</u>	<u>\$ 4,467,156</u>	<u>\$ 4,302,544</u>	<u>\$ 4,702,973</u>
\$ 692,685	\$ 697,653	\$ 710,079	\$ 641,143	\$ 642,713	\$ 619,806
471,624	392,923	395,373	385,276	348,373	560,959
7,800	7,800	1,200	1,200	1,200	1,200
888,658	929,005	788,584	756,956	729,557	680,291
40,892	35,969	35,632	27,465	18,312	118,502
195,636	185,141	179,052	167,650	177,746	176,070
2,378,725	2,125,801	1,566,793	1,299,386	4,597,964	1,555,153
<u>35,802</u>	<u>1,225,826</u>	<u>1,168,824</u>	<u>1,248,578</u>	<u>1,469,021</u>	<u>3,311,959</u>
<u>\$ 4,711,822</u>	<u>\$ 5,600,118</u>	<u>\$ 4,845,537</u>	<u>\$ 4,527,654</u>	<u>\$ 7,984,886</u>	<u>\$ 7,023,940</u>

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2020. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Williamsburg's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Williamsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control which we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 20-I-A and 20-I-B.

To the Honorable Mayor and  
Members of the City Council

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Williamsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Responses.

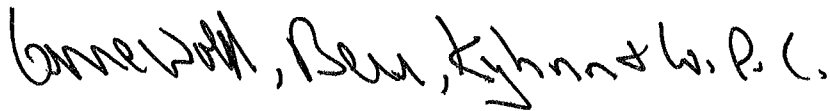
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Responses to Findings**

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Williamsburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlantic, Iowa  
November 16, 2020

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2020

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-I-A Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: We will continue to review and monitor ways to improve segregation of duties.

Conclusion: Response accepted.

20-I-B Water Loss

Criteria: An effective internal control system provides for internal controls related to ensuring proper tracking of water usage.

Condition: Although water usage reports are calculated monthly, the reports indicate a fluctuating water loss problem. Review of water usage reports from FY2020 reveal that the City lost an average of approximately 3,600,000 gallons of water per month during the year.

Cause: Procedures have not been implemented to identify and minimize the substantial water loss.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2020

PART I: Findings Related to the Financial Statements - Continued

Effect: This condition could result in extra cost to pump the unused water and potential lost revenue.

Recommendation: Since water loss can occur because of leaks and/or unmetered usage, continuing efforts should be made to investigate why the City is experiencing substantial water loss.

Response: We will continue to investigate the water loss.

Conclusion: Response accepted.

PART II: Other Findings Related to Required Statutory Reporting

20-II-A Certified Budget: Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the culture and recreation, and community and economic development functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation." This appears to be due to employee oversight.

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response: The budget will be amended in the future, if applicable.

Conclusion: Response accepted.

20-II-B Questionable Disbursements: No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

20-II-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.



CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting - Continued

20-II-D Business Transactions: Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Jacob Tornholm, Council Member, Owner of Blue 96 LLC	Website maintenance	\$ 240

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the City Council Member does not appear to represent a conflict of interest since the total transaction was less than \$6,000 during the fiscal year.

20-II-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

20-II-F Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

20-II-G Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

20-II-H Deposits and Investments: The City held deposits in two bank accounts in excess of the approved amounts per the City's depository resolution.

Recommendation: The City should have amended their depository resolution before deposits exceeded approved amounts.

Response: The depository resolution will be amended.

Conclusion: Response accepted.

20-II-I Revenue Bonds and Notes: No instances of non-compliance with the revenue bond and note resolution were noted.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting - Continued

- 20-II-J Tax Increment Financing: Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. Urban Renewal Area TIF Indebtedness was certified to the County Auditor before December 1 and no exceptions were noted.
- 20-II-K Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

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